

EXHIBIT "A"

City of El Paso Incentives Policy – Guidelines & Criteria September 2006

SECTION I. PURPOSE

It is the policy of the City of El Paso to provide incentives to selected private businesses that make or will make a measurable difference in achieving economic growth and development, expanding and diversifying the tax base and creating new quality jobs within the City of El Paso.

The purpose of this policy is to define the financial incentives and to establish standards by which they will be implemented. New businesses or expansion of existing businesses can be considered for financial incentives.

Incentives cannot be transferred as a result of a change in the majority ownership of the business without the expressed written consent of the City of El Paso. Any new owner shall file a new application for an economic development incentive. It shall be the responsibility of the business to notify the City of any such substantive change.

The City of El Paso is under no obligation to approve any requested incentive and no right to these incentives is neither intended nor implied.

SECTION II. STRATEGIC OBJECTIVES

The City of El Paso, through the implementation of this and other policies, shall endeavor to accomplish the following strategic objectives:

1. The City of El Paso will pursue a stable, year-round economy with unemployment rates at least as favorable as the rest of Texas, with an emphasis on targeting **quality** jobs. A quality job is defined as a job that pays a wage or salary equal to or greater than the current El Paso County Median Wage as computed annually by the Texas Workforce Commission and provides health insurance benefits to employees for which the employer pays at least 50%.
2. The City of El Paso will support the retention and expansion of existing businesses within the City.
3. The City of El Paso will support El Paso the primary and additional targets identified in Regional Economic Development Corporation's ("REDCO") strategic plan.

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4. The City of El Paso will support large private commercial recreational and tourism ventures that attract a Regional or National client base and that will enhance the community's quality of life, fill a service void, or serve the youth of the community.
5. The City of El Paso will support the development of designated redevelopment areas including neighborhood redevelopment strategy areas and targeted infill areas within the City.
6. The City of El Paso supports the attraction and retention of companies that have strong Regional and National markets for their products or services.
7. The City's economic development efforts should be consistent with the City's Growth & Development Policy and General Plan for the El Paso area.
8. The City of El Paso supports Creative Class businesses as defined by Richard Florida in "The Rise of the Creative Class".

SECTION III. GENERAL CRITERIA

The City of El Paso may provide incentives for any business or commercial development project if that project, in the opinion of the City Council of the City of El Paso:

1. Will substantially enhance the economic health of the City of El Paso;
2. Will result in a net increase or retention of jobs in the City, will add to the tax base, and will otherwise improve or enhance the economic welfare of the residents or businesses of the City; or
3. Demonstrates the potential to generate revenues to the City which outweigh costs associated with incentives.

In addition, the following criteria must be satisfied.

The project must:

1. Show a clear demonstration of public purpose and economic benefit through advancement of the City's economic goals which include expanding the tax base, creating quality jobs, increasing private capital investment in the community, spurring development

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in targeted City locations; or encouraging development of targeted businesses or clusters desirable to enhance the City's economy;

2. Include solid evidence provided by the business that demonstrates the business's financial stability and capacity to complete the project;
3. Complete the comprehensive incentives application and score a minimum of 25 points in Category I or score a minimum of 5 points in Categories II or III; and
4. Be in compliance with all local, state and federal laws.

The business, in order to receive any such incentives from the City of El Paso will make available credible information, including but not limited to capital investment and employment projections, to enable the City to prepare a fiscal impact analysis. The recipient will also make available an update of this data available annually after business operations have begun. The decision to provide any economic development incentives will be considered on a project-by-project basis, in accordance with the criteria set forth in this policy, and at the discretion of the City Council of the City of El Paso.

SECTION IV. QUALIFICATION CRITERIA

In order to be eligible for incentives, a project must meet qualifying standards in at least ONE of the categories below.

Category 1 - Quality Jobs (must receive a job credit of 25 or more AND 80% of jobs must be at or above MCW)

a. Wages

Less than Median County Wage (MCW)	= 0X
100-119% of Median County Wage	= 1.0X
120-149% of Median County Wage	= 1.5X
=> 150% of Median County Wage	= 2.0X

b. Number of Jobs

Example: ABC Company is establishing operations and hiring or retaining 40 workers

Credit for number of jobs will be based on the wage levels above. For instance, if a company is hiring or retaining 5 jobs under 80% of MCW, 5 jobs at 115% of

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MCW, 10 jobs at 130% of MCW and 20 jobs at 200% of MCW then their job credit would be calculated as follows:

Jobs*	Factor	=	job credit
5	* 0	=	0
5	* 1	=	5
10	* 1.5	=	15
20	* 2	=	<u>40</u>
Total Job credit			= 60

Since 35 of the 40 jobs pay at or above MCW, this company would qualify (35 jobs above MCW / 40 Total jobs = 87.5%).

Note: Only jobs meeting Median County Wage will be counted and 80% of all jobs must meet MCW to be eligible.

Category 2 - Targeted Location

- Located in a Federal Zone (Empowerment Zone, Federal Enterprise Zone)
- Located in a Census Tract with greater than 20% of its population at or above poverty level.
- Located in a City defined Targeted Redevelopment Area.

Category 3 - Business Type

- Market for service or product is Regional, National or Global, or;
- Primary and additional targets identified in REDCO's strategic plan.
- Member of Creative Class * also see Note 2,

* R&D, publishing, software, television & radio, design, music, film, toys & games, advertising, architecture, performing arts, crafts, video games design, fashion design and art.

Note 2: Creative Class as defined by Richard Florida in "The Rise of the Creative Class." Addition of these criteria intended to support quality of place initiatives.

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SECTION V. ECONOMIC DEVELOPMENT INCENTIVE

Companies satisfying the minimum score and meeting the qualification standards above who wish to pursue incentives will need to pay a \$750 non refundable application fee in order to formally request incentives.

An economic impact analysis will be conducted by the Economic Development Department on every project considered for incentives. The delivery mechanism of choice for incentives will be the Chapter 380 agreement; however, the City reserves the right to use any other source (City, State, Federal, Foundation, etc.) in the award of incentives. As a matter of general policy, tax abatements and Chapter 380 agreements entered into as a result of this policy will not be used simultaneously unless the revenue stream from which the Chapter 380 agreement is paid is derived from sources other than property tax.

Agreements may be conditioned on the completion of specific improvements to real property and/or job numbers and salaries levels being met. The Agreements shall contain recapture clauses in the event that such conditions are not met.

The Economic Development Department is charged with recommending to the Legislative Review Committee for Economic and Community Development the level of incentives based on the economic impact analysis and other factors. For Projects qualifying under Section I, incentives will be limited to 50% of the benefit derived from any particular project (calculating tax revenues based on direct, indirect and induced benefits). For Projects qualifying under Categories II or III, incentives will be limited according to the following:

25% - A minimum of 80% of the jobs paying at least 80% of MCW or;

50% - A minimum of 75% of the jobs paying at least 90% of MCW or greater

City Council will award the incentives at their sole discretion and may consider awards above 50% of the derived benefit if extraordinary benefit can be shown.

SUNSET

This policy will sunset August 31, 2008 unless renewed or revised by the City of El Paso.